

Weekly market commentary report

15 Apr19 Monday

Global Market Outlook

Global Market Review and Outlook

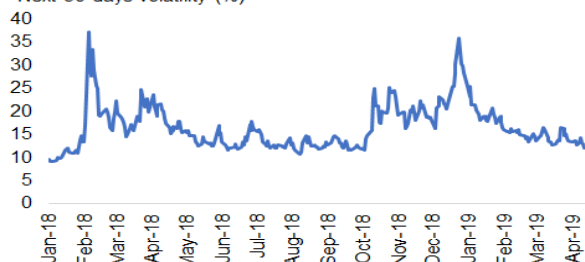
Investors may show a sign of scaling back from stock market. While US banks' strong earnings helped S&P 500(2,907 +0.5%) hovered at where it has twice crashed, SHCOMP index dived back 1.78% from around 3,200 point with China's trade and lending signaled that they are on more stable footing. Investor may eye for more surprise from company first quarterly results before further chasing in the market. Results in this week including Goldman Sachs, Citigroup and Netflix. For China market, GDP, retail sales and industrial figures will be on schedule. If they come better than expectation, RMB probably break 6.7 resistance level. Meanwhile, we also expect more China listed enterprises like Ping An and Yili, announce large scale stock repurchases.

Notably, multiple assets recorded low levels of volatility. S&P 500 volatility keeps on dropping that marks VIX backed to the lowest level since Jan.2018(12.01 -6.3%). Even the recent pronouncements by central banks have done less to lift stocks. We expect the situation to remain for a while before spike in turbulence.

WTI headed for a sixth weekly gain 1.28% to USD 63.89, the best run since 2016. speculative buying seems a little scarce at key technical resistance without new catalyst. the short squeeze may drift WTI to USD 61 in the first half of the week.

China Dalian iron ore were lifted 12.2% to RMB 699 by solid footing on China economic figures and supply disruption. We believe its transitory boost will test high level RMB 807 a week or two. On demand front, China steel factories kicked off their production on pickup in infrastructure projects following heat production on January to March. China's March excavator Double sales versus two years ago imply a sign of stronger demand. On supply front, Rio Tinto, BHP and Vale both outlined negative-production revision during the year, intensifying global iron ore supply deficit to 34 mn tons this year in Bloomberg consensus.

Fig 1. Declining S&P500 VIX index since Jan 2018
Next 30 days volatility (%)

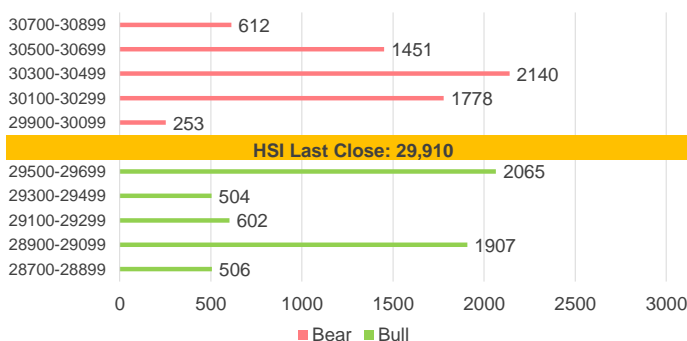


HSI Past 30 Days Performance



Source: HKEX

HSI CBBC Distribution



Source: HKEX as of 12 Apr19

Indices

	Closing	Performance Chg. (%)			Valuation Ratio (X)	
		WTD	MTD	YTD	PE	PB
HSI	30119.9	-0.1	3.0	15.7	11.6	1.3
HSCEI	11758.8	-0.3	2.5	15.2	9.0	1.1
SHCOMP	3188.6	-1.8	3.2	27.9	12.0	1.4
SHSZ300	3988.6	-1.8	3.0	32.5	12.6	1.7
NIKKEI 225	22120.3	0.3	3.1	9.3	15.2	1.6
S&P 500	2907.4	0.5	2.6	16.0	17.5	3.2
DJIA	26412.3	0.0	1.9	13.2	16.2	3.8
NASDAQ COM	7984.2	0.6	3.3	20.3	23.3	4.4
CAC 40	5502.7	0.5	2.8	16.3	14.2	1.6
DAX	11999.9	-0.1	4.1	13.6	13.3	1.5
FTSE 100	7437.1	-0.1	2.2	10.5	13.1	1.7

Source: Bloomberg as of 13 Apr19

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News Tracker

Hong Kong Industries Movers and News Tracker

1) Power generation industry: Chaowei group (0951.HK) Chaowei sodium nickel battery entered into the trial production stage and would be fully mass production line this month.

Sodium nickel battery has multiple advantages: high energy capacity 135Wh/kg, 2-5 times lithium battery's service life and less than 50% lithium system's volume and 50% whole life cycle cost lower than lithium battery. We believe following headline of wider sodium nickel battery application and lower production cost will further reflect its battery project's potential.

2) Manufacturing industry: China excavator export rocketed 47.9% YoY to 2,377 units while domestic sales soared 14.3% YoY to 41,884 units in march, according to CNCMA. We convince more infrastructure project kicking up such as RMB 2.9 bn projects in Guangdong, RMB 16.7 bn in Luoyang city, coupled with peak season of equipment replacement can further derive push up excavator sales. Investors may take a glance on related stocks

Related Stocks: Zoomlion (1157.HK), Sany Int'l (0631.HK)

Market Movers

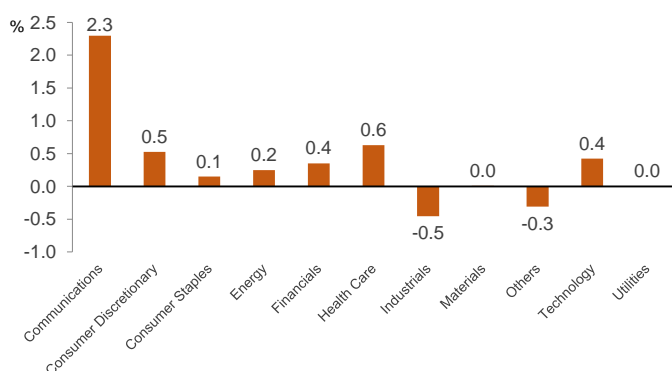
Hong Kong Notable Market Movers

1) Sa Sa Int'l (0178.HK) announced that for the fourth quarter from 1 January to 31 March 2019, in Hong Kong and Macau markets, the retail and wholesale turnover decreased by 8.4% YoY to HKD1.728 bn, while same store sales dropped by 10.8%.

2) Angang Steel (0347.HK) released a negative profit alert. In accordance with the PRC Accounting Standards for Business Enterprises, it is estimated that the net profit attributable to shareholders of the Company for the three months ended 31 March 2019 is approximately RMB417 mn, representing a YoY decrease of 78.2%. Temcent (00700) announced the completion of USD6 bn issue of notes under global medium term note programme.

3) Zhenro PPT (6158.HK) announced that for the month ended March 2019, the sales of the Group was RMB8.998 bn. The corresponding gross floor area sold was 597,200 sq.m.. The average selling price was RMB15,100 per sq.m..

Hong Kong Weekly BICS Industrial Performance



Source: Bloomberg as of 13 Apr19

Hong Kong IPO Calendar

Company	Ticker	Listing Date	PX (HK\$)	Industry
Zengame Technology Holding Ltd	2660	16/4/2019	1.12-1.32	Internet Service
Wai Hung Group Holdings Ltd	3321	23/4/2019	1.4-1.8	Construction
Design Capital Limited	1545	25/4/2019	0.3-0.39	Home Appliance
Shenwan Hongyuan Group Co Ltd.	6806	26/4/2019	3.63-3.93	Financial Service
Bonny International Holding Ltd	1906	26/4/2019	0.46-0.6	Retail and Export

Source: HKEX, Bloomberg

Commodities

Futures	Closing(\$)	Performance Chg. (%)		
		WTD	MTD	YTD
Brent Crude Oil (Jun 19)	71.3	1.7	5.9	30.6
WTI Crude Oil (Mar 19)	63.5	1.3	6.2	36.5
Gold (Jun 19)	1291.0	0.0	-0.3	-0.2
Natural Gas (May 19)	2.6	-0.2	-0.1	-1.0
Copper (May 19)	293.9	1.8	0.3	11.4
Silver (May 19)	14.9	-0.8	-1.0	-4.7

Source: Bloomberg as of 13 Apr19

Currencies in US\$	Closing	Performance Chg. (%)		
		WTD	MTD	YTD
HKD	7.8	-0.1	-0.1	0.1
CNY	6.7	-0.2	-0.1	-2.5
JPY	112.0	0.3	1.0	2.1
EUR	1.1	0.7	0.7	-1.4
GBP	1.3	0.3	0.3	2.7
AUD	0.7	1.0	1.1	1.7
CAD	1.3	-0.5	-0.2	-2.2

Source: Bloomberg as of 13 Apr19

Economic Calendar

Date	Country	Event	Est.	Prior
16-Apr-19	AU	RBA Meeting Minutes		
	CN	House Price Index YoY	11.4%	10.4%
	GB	Claimant Count Change	5K	27K
17-Apr-19	JP	Balance of Trade Mar	¥225B	¥339B
	CN	GDP Growth QoQ Q1	1.4%	1.5%
	CN	Retail Sales YoY	8.2%	8.2%
	CA	Balance of Trade Feb	C\$-3.9B	C\$-4.25B
	US	EIA Crude Oil Stocks Change Apr 12	7.329M	7.029M
18-Apr-19	US	EIA Gasoline Stock Change Apr 12	-2.009M	-7.71M
	US	Fed Beige Book		
	DE	Markit Manufacturing PMI Flash Apr	45.0	44.1
19-Apr-19	US	Retail Sales YoY	2.7%	2.2%
	JP	Inflation Rate YoY Mar	0.3%	0.2%

Source: Bloomberg as of 13 Apr19

Government Bond Yield (%)

	Closing	WTD	MTD	YTD
US				
2Y Interest	2.3934	0.0521	-0.0443	-0.0944
10Y Interest	2.5597	0.0698	-0.0274	-0.1245
30Y Interest	2.9745	0.0737	-0.0366	-0.0401
10-2Y Spread	0.1663	0.0177	0.0169	-0.0301
30-10Y Spread	0.5811	0.0216	0.0077	0.0543
UK				
UK Gilt (Jun 19)	1.1462	-1.1200	-0.1028	
Eurozone				
German Bund (Jun 19)	-0.3438	-0.7400	-0.1378	
France OTA (Jun 19)	-0.5149	-0.2100	-0.1729	
Asia				
Japan 10Y (Jun 19)	0.4770	0.1000	-0.0030	
China 10Y (Jun 19)	3.4544	0.1700	0.0954	

Source: Bloomberg as of 13 Apr19



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